

as a conduit for the private foundation and has, in fact, exercised independent control over the use of the grant, such grant by the private foundation shall not constitute an act of self-dealing with respect to the Government officials.

[T.D. 7036, 35 FR 6322, Apr. 18, 1970]

§ 143.6 Election to shorten the period during which certain excess business holdings of private foundations are treated as permitted holdings.

(a) *In general.* Under section 4943(c)(4)(B)(ii), where the combined holdings on May 26, 1969, of a private foundation and all disqualified persons in any one business enterprise exceed 75 percent of the voting stock or more than a 75 percent interest in the value of all outstanding shares of all classes of stock in such enterprise, and the foundation's holdings on such date do not exceed 95 percent of the voting stock in such enterprise, then such combined holdings must be reduced to 50 percent of the voting stock of such enterprise by the end of a 15-year period beginning on May 26, 1969. However, under section 4943(c)(4)(E), the 15-year period during which such combined holdings in the enterprise must be reduced to 50 percent is to be shortened to a 10-year period, referred to in section 4943(c)(4)(B)(iii), if, at any time before January 1, 1971, one or more individuals:

(1) Who are substantial contributors (as described in section 507(d)(2)) or members of the family within the meaning of section 4946(d) of one or more substantial contributors to such private foundation, and

(2) Who on May 26, 1969, held in aggregate more than 15 percent of the voting stock of the enterprise, make an election in the manner described in paragraph (b). If an individual who owns 15 percent or less of the voting stock of the enterprise wishes to make an election under this paragraph, he and one or more other individuals who together own more than 15 percent of the voting stock of the enterprise may join in making an election by together filing the statement referred to in paragraph (b) of this section.

(b) *Manner of making election.* The election referred to in paragraph (a) of

this section is made by filing two copies of a written statement with the Office of the Assistant Commissioner (Technical), Internal Revenue Service, Washington, DC 20224.

(c) *Additional copies.* The individual filing the written statement referred to in paragraph (b) of this section shall submit a copy of the statement to the private foundation with respect to which the election is being made and to the management of such business enterprise.

(d) *Content of statement.* The statement shall indicate that an election is being made under section 4943(c)(4)(E) of the Code, and shall be signed by each of the individuals making the election, and, in addition shall contain the following information:

(1) The name, address, and taxpayer identification number of each of the individuals making the election;

(2) The name and address of the foundation with respect to which such election is being made;

(3) The name and address of the business enterprise with respect to which the election is being made;

(4) The aggregate number of shares of voting stock in the business enterprise that were held on May 26, 1969, by each individual making the election, and, in addition, the percentage that such voting stock is of the total number of shares of voting stock issued and outstanding on such date;

(5) The aggregate number of shares of voting stock in the business enterprise held by the private foundation on May 26, 1969, and, in addition, the percentage that such voting stock is of the total number of shares of voting stock issued and outstanding on such date; and

(6) The total number of shares of voting stock in the business enterprise or the best available estimate thereof, that were issued and outstanding on May 26, 1969.

(e) *Time for making election.* The statement referred to in paragraph (b) of this section shall be filed before January 1, 1971.

[T.D. 7038, 35 FR 6962, May 1, 1970]